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From: Bob Goernoe [antnemkid@cox.net]
 Sent: Sunday, May 09, 2010 8:00 AM
 To: Mayes-WebEmail
 Cc: Utilities Div - Mailbox; brigsby@azruco.gov; Kennedy-Web; Newman-Web; Pierce-Web; Stump-Web; Dan Pozefsky; Senator David Braswell
 Subject: Comment on Consolidation: Dockets: W-01303A-09-0343 & SW-01303A-09-0343

Arizona Corporation Commission

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Dear Chairwoman Mayes and Commissioners:

As an Anthem resident, I have read with interest the issue of consolidation and I support a state-wide program. I also believe it is a complex issue faced with legal, regulatory, financial and lifestyle issues. I do not want any one community hurt or greatly benefit at the expense of others, but there is a mechanism to level the playing field.

First, I would like to respond to Ms. Jodi A. Jerich, RUCO Director's Direct Testimony, page 13, ~~to~~ this docket, dated 3 May 2010.

Ms. Jerich, states:

"Clearly, the Sun City ratepayers strongly object to subsidizing Anthem's costs. It is clear that any consolidated rate design would be to the immediate benefit of the Anthem ratepayers. However, RUCO has not received any letters or emails supporting rate consolidation from these ratepayers. During the Anthem public comment hearing, RUCO only remembers one person even mentioning the possibility of rate consolidation as one possible option to reduce the proposed rate increase.

In addition to Anthem's lack of support for a rate consolidation proposal, it appears that Anthem may even be unsupportive of the general concept of rate consolidation. At the public comment hearing, many Anthem residents voiced their objection to their wastewater system being consolidated with the Agua Fria wastewater system. They clearly did not like the fact a portion of the Northwest Treatment Facility is included in their wastewater rates when Anthem is not connected to that wastewater treatment plant. That plant, located within the boundaries of the Sun City West system, provides service to Agua Fria residents."

On the surface, Ms. Jerich appears correct; however, there are circumstances behind her observations that led to her conclusions as to why the Anthem community has not been outspoken on supporting or opposing consolidation:

- The December 15, 2009 community open house meeting by AZ American Water Co. (AAWC) presented no data to make a decision.
- At the December 15 meeting by AAWC, Pres. Townsley quietly said, "I think Anthem would benefit."
- The AAWC Consolidation Fact Sheet provided is not a sufficient statement to make a decision; it provides no cost/billing impact data.
- Anthem Council and legal were fairly silent on the issue so there was no initiative to rally the community.
- Consolidation was mentioned at the April 7, 2010 Anthem community meeting with the Commission.
- A typical Anthem resident does not read docketed material to keep up with the discussion, data, legal and other ramifications to make a rational position.

I am aware of RUCO's Consolidation chart from Mr. Jerich's direct testimony, dated May 3, 2010. Looking carefully under Scenario 1: state-wide consolidation it shows in **dollars** Anthem (-\$5) to Sun City (+\$11). These dollar amounts are **NOT** that high. In fact, I see a +/- \$20 spread between all districts. These dollar ranges dollar ranges can be mitigated if consolidation is phased in over 3 years resulting in a level "playing field" for all AAWC customers.

What is wrong with an expected planned increase vs. an unknown amount? While \$5 for Anthem does not benefit by a huge savings nor is \$11 a huge increase for Sun City, I would hope that the angst from Sun City would be calmer if this leveling period rate of change was applied and understood.

Whether one pays now or later due to refund issues or aging infrastructure, Anthem and others would benefit both in the short term as well as the long term by spreading the cost of business among the entire customer base. The Commission would also benefit administratively as well as the taxpayers.

Thank you,

Bob Golembe
Anthem, AZ